

Capital: Baku
Population: 8.4 million (2005)
GDP(current US\$): \$13.4 billion (2005)
Population below national poverty line: 23% (2005)
GDP per capita (current US\$): \$1585 (2005)
GDP per capita (purchasing power parity): \$3,400 (2004)
Religion: Muslim 93.4%, Russian Orthodox 2.5%, Armenian Orthodox 2.3%, other 1.8%
Language: Azerbaijani 89%, Russian 3%, Armenian 2%, other 6%
President: Ilham Aliyev
Prime Minister: Artur Rasizade
Ambassador to US: Yashar Aliyev



National Interest: Located in the Trans-Caspian energy corridor, Azerbaijan is a strategically important link to the region's energy export system. In order to benefit from Azerbaijan's strategic position and resources, it is essential that the country develop a market-oriented, transparent and corruption-free economic, legal and regulatory system. A prosperous and democratic Azerbaijan is also key to stability in the Caucasus and the strengthening of western ties through the Caspian to the Central Asian Republics.

OVERVIEW OF USAID'S FOCUS IN AZERBAIJAN

FY 06: Total FSA – \$34.65 million; USAID Total - \$28.1 million

Economic Growth (FY06 \$13.67 million, 49%): The core priorities over the medium term are to help the GOAJ and the private sector to build the institutions that will allow for the productive investment of the country's natural resource wealth while preserving macroeconomic stability. USAID supports those key areas of fiscal planning, particularly the development and implementation of public investment; public financial management and accountability; and greater access to credit for SMEs through better laws, regulation, training and capitalization. The current project to develop a Treasury Information Management System which automates treasury functions and will provide a platform for better public accountability of public revenues has been well received by the Ministry of Finance with the MOF contributing funding and in-kind contributions. USAID is strengthening the GOAJ's capacity to develop and implement sound infrastructure and social investments and to integrate those investments and the budget into a consistent macroeconomic framework. The Ministry of Economic Development has been an energetic partner in this endeavor. Banking laws and regulations are improving as is the central bank's capacity for supervision of a banking sector that is expected to grow by 50% per year over the medium term. USAID supported Non-Bank Financial Institutions expanded operations reaching \$63 million in outstanding portfolio in 2005, a 100% increase from 2004. USAID offers technical assistance in agricultural production and agri-business to promote a more competitive rural economy by improving market linkages and added value to agricultural production. In 2005 USAID-assisted enterprises achieved over \$2,326,303 in new trade and investment and over \$4,862,750 in plant improvements. The South Caucasus Regional Water Initiative (DAI) seeks to improve water resources management through technical collaboration between Armenia, Azerbaijan, and Georgia.

Democracy (FY06 \$7.6 million, 27%): USAID provides technical assistance to promote and support free and fair elections; strengthen democratic political parties; empower civil society; establish and ensure media freedom and freedom of information; promote and advance anti-corruption reforms; and improve justice sector/legal framework. In FY 2005 USAID focused on creating conditions to ensure free and fair elections for municipal and parliamentary elections. To this end, USAID provided assistance on training political parties, domestic observer organizations; conducting a pilot exit poll during the municipal elections, training elections workers on the usage of invisible ink during the parliamentary elections, and conducting the national exit poll during the parliamentary elections. USAID encouraged free access to media, created the first digital frequency map of Azerbaijan's broadcasting spectrum for television and radio, and held trainings for lawyers and judges further advancing the legal profession. USAID's activities on anticorruption resulted in launching two anti-corruption legal advocacy centers. USAID is finalizing Azerbaijan's legal database aimed at improving free access to updated texts of all laws, decrees and normative acts adopted since Azerbaijan's independence in 1991. Two new democracy projects have been designed, competed, and commenced aimed at promoting civil society and community-level citizen participation. USAID will continue support to strengthen civil society, democratic political parties, improve legal framework, and assist with advancing anti-corruption reforms.

Health (FY06 \$3.78 million, 13%): USAID improves health services and practices through health care reform; better use of health resources; dissemination of information on healthy lifestyles, rights and responsibilities of the patient, and health care services. USAID is working closely with the government in an effort to ensure systematic, institutionalized changes, with a focus on reproductive health/family planning, primary health care, child survival, emergency medicine, and health system strengthening. Technical assistance is being provided to the Ministry of Health to develop policy, legal and regulatory and financing reforms. Family planning curricula on counseling and infection prevention and peer education materials were developed for use in training of health providers and peer educators. Networks of local and district health departments, NGOs, communities, and the private sector are beginning to advocate with regional government for changes in family planning and reproductive health policy and services.

Training and Small Grants Program (FY06 \$3.05 million, 11%): The cross-cutting training and grants programs support and complement all USAID activities. Activities promote development of technical and managerial capacity of stakeholders, business and professional associations and NGO capacity through training and grants.

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